

DUN'S BUSINESS MONTH

FEBRUARY 1987

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Raising
Capital With
Global Equities

Takeover Curbs
Are Coming

Third World
Default: Boon for
U.S. Business

**SEMICONDUCTORS:
COMEBACK FOR THE U.S.**

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kins
Bets on Technology

ALSO FEATURING
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OF THE MONTH



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1987

AUTO and TRUCK FLEET STATISTICS

A special directory compiled by the Business Department

The Tax Reform Act of 1986 embodies changes that impact Corporate Fleet Managers. Phasing out interest deductions, for example, means taking a fresh look at the advantages of leasing vs. purchasing.

While fuel costs are expected to rise only moderately in 1987, the prospects are for high costs to return in the next decade. That's why companies are sticking with the down-sizing programs that lowered operating costs.

Some technical highlights of 1987 cars:

- The computing power of on-board automotive electronics continues to escalate. Some luxury models now boast a combined computer information systems memory capacity of over 90 Kbytes.

- The carburetor is well on its way to extinction. For example, all domestic Ford cars (except for police sedans) have fuel-injected engines.

Listed below are basic statistics on many of the most widely used automobiles, vans and light trucks in company fleets.

While reading through this Directory, note the Reader Information Number—in the far right column—of models that interest you. Literature and additional information can be obtained by circling the number(s) on the postage-paid card provided (on page 17).

All of the information that you request will be sent directly to you by the automotive manufacturers.

AUTO SPECIFICATIONS

MAKE/MODEL	Body	Doors	Weight	Front End (lb.)	Luggage Capacity (Cu. Ft.)	Engine	Reader Information Number
AMERICAN MOTORS CORP.							
Renault Alliance L and DL	4-door sedan	4	1,993	1,100	13	4 Cyl	100
CHRYSLER CORP.							
CHRYSLER LeBaron	4-door sedan	4	2,516	1,200	15	4 Cyl	101
LeBaron GTS	4-door sedan	4	2,643	1,200	18.3	4 Cyl	102
5th Avenue	4-door sedan	4	3,741	1,300	15.6	8 Cyl	103
New Yorker	4-door sedan	4	2,757	1,200	17.1	4 Cyl	104
Town & Country	Van	—	2,759	1,200	34.5	4 Cyl	105
Le Baron Coupe	2-door coupe	2	2,690	1,200	14	4 Cyl	106
DODGE							
Charger	2+ door hatch	2+	2,290	1,200	18.6	4 Cyl	107
Colt	4-door sedan	4	1,975	1,100	10.9	4 Cyl	108
Aries	4-door sedan	2	2,375	1,200	15	4 Cyl	109
	4-door sedan	4	2,402	1,200	15	4 Cyl	
	4-door sedan	4	2,480	1,200	34.6	4 Cyl	
Diplomat	4-door sedan	4	3,566	1,200	15.6	8 Cyl	110
Lancer	4-door sedan	4	2,643	1,200	18.3	4 Cyl	111
Omni America	4-door sedan	4	2,237	1,200	15.6	4 Cyl	112
Shadow	2+ door hatch	2/4	2,558	1,200	13.7	4 Cyl	113
600	4-door sedan	4	2,594	1,200	17.1	4 Cyl	114

AUTO SPECIFICATIONS Continued

MAKE/MODEL	Class	Doors	Price As Shown	Weight	Front End Dist. Lbs. Inches	Luggage Capacity (Cu. Ft.)	Front End Dist. Inches	Engine	City Mpg	Highway Mpg	Reader Information Number
PLYMOUTH											
Caravelle	Mid-size	4	185	2,594	35.3	42	17.1	Front 4 Cyl	23	28	115
Colt	Subcompact	4	157	1,975	32.7	40.4	10.9	Front 4 Cyl	24	30	116
Colt Vista	Wagon	—	174	2,535	35.3	38	63.9	Front 4 Cyl	23	24	117
Gran Fury	Mid-size	4	220	3,566	35.3	42.4	15.6	Front 8 Cyl	18	21	118
Horizon	Compact	4	155	2,237	35.3	42	15.6	Front 4 Cyl	25	34	119
Reliant	Mid-size	2	175	2,375	35.3	42	15	Front 4 Cyl	25	32	120
	Mid-size	4	178	2,402	35.3	42	15	Front 4 Cyl	25	32	
	Mid-size	Wagon	176	2,480	35.3	42	34.6	Front 4 Cyl	25	32	
Sundance	Compact	2/4	171	2,558	35.3	41.1	13.7	Front 4 Cyl	25	32	121
FORD											
Crown Victoria	Full-size	2/4	211	3,724	37.3	43	22.4	Front 8 Cyl	17	27	122
	Wagon			3,920	36.6		88.2				
Escort	Compact	2/4	165	2,180	37.3	41.1	16.4	Front 4 Cyl	32	36	123
	Wagon		168	2,274			58.8				
Taurus	Mid-size	4	185	2,872	36.3	41.3	17	Front 4/6 Cyl	23	32	124
	Wagon		191	3,186	36.6		80.7		21	29	
Tempo	Subcompact	2	136	2,462	37.3	41.3	13.2	Front 4 Cyl	25	34	125
		4		2,515			12.9				
Thunderbird	Compact	2	202	3,133	37.3	42	14.6	Front 6/8 Cyl	19	28	126
LINCOLN-MERCURY											
Colony Park	Full-size	Wagon	218	3,975	36.6	43.3	88.0	Front 8 Cyl	17	27	127
Continental	Full-size	4	200	3,799	36.6	42	14.7	Front 8 Cyl	17	27	128
Cougar	Subcompact	2	200	3,133	37.3	42	14.6	Front 6/8 Cyl	19	28	129
Mark VII	Full-size	2	232	3,722	37.3	42	14.2	Front 8 Cyl	17	27	130
Grand Marquis	Full-size	2/4	214	3,794	37.3	43.1	22.4	Front 8 Cyl	17	27	131
Lynx	Subcompact	2/4	166	2,183	37.3	41.1	16.4	Front 4 Cyl	29	31	132
	Wagon		168	2,277	37.3	41.1	58.3	Front 4 Cyl	25	31	
Mercury Sable	Mid-size	4	190	3,054	36.6	41.1	18.5	Front 4 Cyl	19	26	133
	Mid-size	Wagon	191	3,228	36.6	41.1	81	Front 6 Cyl	19	26	
Topaz	Compact	2/4	177	2,503	37.3	41.1	13.2	Front 4 Cyl	32	27	134
GENERAL MOTORS											
BUICK											
Century	Mid-size	2/4	160	2,690	36.6	41.1	16.2	Front 4/6 Cyl	32	32	135
Electra Park	Full-size	2/4	197	3,205	36.3	42.4	16.1	Front 6 Cyl	19	27	136
Avenue	Full-size	2/4	185	3,115	36.3	42.4	16.1	Front 6 Cyl	19	27	137
LeSabre	Full-size	2	200	3,172	37.3	42.4	16.2	Front 6/8 Cyl	19	24	138
Regal	Full-size	2	187	3,280	37.3	42	13.9	Front 6 Cyl	19	27	139
Riviera	Full-size	2	187	3,243	37.3	42	13.4	Front 4 Cyl	25	33	140
Skyhawk	Subcompact	2/4	175	2,555	37.3	43	13.4	Front 4/6 Cyl	22	32	141
Skylark	Compact	4	180	2,551	37.3	42	13.4	Front 4/6 Cyl	22	32	142
Somerset	Compact	2	180	2,551	37.3	42	13.4	Front 4/6 Cyl	22	32	142



The Ford Escort GT



1987 Buick Electra T Type

Selected 1987 Projected Ownership and Operating Costs

Make/Model	Class	Front Room	Rear Room	Luggage Capacity (Cu. Ft.)	Weight (Lbs.)	Overall Length	Drive Unit	Cyl	Displace (Ltr.)	Annual Costs ¹ For 20,000 Miles		
										Operating	Ownership	Total
Cadillac	DeVille	36.2	47.4	15.0	3,287	198.4	FWD	8	4.1	\$1,353	\$5,578	\$6,931
Fleetwood	Limousine	38.2	48.2	20.3	3,520	212.3	RWD	8	5.0	\$1,370	\$3,945	\$5,315
Oldsmobile	Cutlass Supreme	37.8	47.8	16.2	3,233	202.4	RWD	6	3.8	\$1,230	\$3,736	\$4,966
Pontiac	Parisienne	37.4	47.7	17.0	3,080	188.4	FWD	6	3.0	\$1,200	\$3,764	\$4,964
Chevrolet	Corvette	36.8	42.1	16.2	2,824	188.3	FWD	6	2.9	\$1,270	\$3,630	\$4,900
Dodge	Temple	36.3	45.3	16.4	2,971	175.9	FWD	4	2.2	\$1,170	\$3,552	\$4,722
Ford	Temple	37.5	47.5	12.8	2,915	175.5	FWD	4	2.3	\$1,040	\$3,491	\$4,531
Chevrolet	Cavalier	34.5	42.5	13.6	2,347	174.3	FWD	4	2.0	\$1,050	\$3,352	\$4,402
Ford	Mustang	34.5	42.5	13.0	2,415	175.3	FWD	4	2.2	\$1,030	\$3,370	\$4,400
Ford	Mustang	37.3	47.3	16.4	2,222	168.9	FWD	4	1.9	\$1,000	\$3,174	\$4,174

¹Costs include operating expenses (fuel, oil, maintenance and tires), ownership expenses (insurance, depreciation, financing, taxes and licensing) and are based on a 20,000-mile annual driving cycle.

Source: Runzheimer International

AUTO SPECIFICATIONS Continued

MAKE/MODEL	Class	Doors	Overall Length	Weight	Front Seat		Luggage Capacity (Cu. Ft.)	Drive Unit	Engine	EPA (m.p.g.)		Reader Information Number
					Head Room (Inches)	Leg Room (Inches)				City	Highway	
CADILLAC												
Allanté	Convertible	2-door	178.6	3,494	37.2	43.1	13.0	Front	8 Cyl	NA	NA	143
Brougham	Full-size	4	221.0	4,045	39.0	42.0	19.5	Rear	8 Cyl	18	23	144
Cimarron	Compact	4	177.4	2,603	38.2	42.2	12.5	Front	6 Cyl	20	28	145
DeVille	Full-size	2 + 4 door	196.4	3,323	39.3	42.4	15.9	Front	8 Cyl	17	25	146
Eldorado	Full-size	2	188.3	3,355	37.8	42.7	14.1	Front	8 Cyl	17	25	147
Fleetwood D'Elegance	Full-size	4	221.0	3,438	39.3	42.4	15.9	Front	8 Cyl	17	25	148
Seville	Full-size	4	188.3	3,423	37.9	42.7	14.1	Front	8 Cyl	17	25	149
CHEVROLET												
Caprice	Full-size	2	212.3	3,512	38.5	42.2	20.9	Rear	6/8 Cyl	18	23	150
		4	212.3	3,510	38.3	42.2	20.9	Rear	6/8 Cyl	18	23	
Cavalier	Compact	2	172.4	2,300	37.7	42.2	13.2	Front	4 Cyl	25	33	151
		4	174.8	2,345	38.4	42.2	13.6	Front	4 Cyl	25	33	
		Wagon	174.1	2,412	38.3	42.2	64.1	Front	4 Cyl	25	33	
Celebrity	Mid-size	2	188.3	2,685	38.6	42.1	16.2	Front	4/6 Cyl	22	32	152
		4	188.3	2,715	38.6	42.1	16.2	Front	4/6 Cyl	22	32	
		Wagon	190.0	2,851	38.6	42.1	75.1	Front	4/6 Cyl	22	32	
OLDSMOBILE												
Calais	Mid-size	—	178.6	2,560	37.2	42.5	13.2	Front	4 Cyl	22	33	153
Custom Cruiser	Wagon	—	220.4	4,109	39.6	42.2	87.2	Rear	8 Cyl	16	24	154
Cutlass Supreme	Mid-size	—	200.4	3,233	38.7	42.6	15.2	Rear	6 Cyl	19	24	155
Delta 88 Royale	—	—	199.1	3,172	38.9	42.4	15.7	Front	6 Cyl	NA	NA	156
Fierenza	Compact	—	173.1	2,397	33.2	42.2	13.7	Front	4 Cyl	24	31	157
Ninety-eight Regency	—	—	188.4	3,304	39.3	42.4	—	Front	6 Cyl	NA	NA	158
PONTIAC												
Bonneville	Full-size	2/4	198.7	3,108	38.9	42.4	15.25	Front	6 Cyl	18	28	159
Grand Am	Compact	2/4	177.5	2,526	37.7	42.9	13	Front	4/6 Cyl	24/20	32/26	160
Pontiac 6000	Mid-size	2	188.3	2,600	38.6	42.2	16.2	Front	4/6 Cyl	23/20	32/27	161
		4	188.3	2,700	38.6	42.2	16.2	Front	4/6 Cyl	23/20	32/27	
		Wagon	193.2	2,860	38.6	42.2	74.4	Front	4/6 Cyl	23/20	32/27	
Sunbird	Compact	2	173.7	2,353	37.7	42.1	12.6	Front	4 Cyl	24	31	162
		4	175.1	2,412	38.5	42.1	13.5	Front	4 Cyl	24	31	
		Wagon	175.8	2,487	38.4	42.3	64.4	Front	4 Cyl	24	31	
ISUZU												
Mark I	Mid-size	4	180.7	1,937	37.7	41.7	11.3	Front	4 Cyl	33	39	163

AUTO SPECIFICATIONS Continued

MAKE/MODEL	Class	Doors	Overall Length (Inches)	Weight	Front Head Room (Inches)	Luggage Capacity (Cu. Ft.)	Engine	Reader Information Number
TOYOTA								
Camry	Wagon	—	185.3	2,854	37.3	35	4 Cyl	164
Camry Sedan	Compact	4	185.3	2,734	37.3	15	4 Cyl	165
Celica Coupe	Subcompact	2	173.1	2,455	37.3	11.9	4 Cyl	165
Celica Liftback GT-S	Subcompact	3	173.1	2,685	37.3	25.2	4 Cyl	167
Corolla Liftback	Compact	5+Hatch	180.2	2,187	37.3	35.6	4 Cyl	168
Corolla Sedan	Compact	4	180.2	2,134	37.3	12.7	4 Cyl	169
Cressida Sedan	Compact	4	187.1	3,295	38.3	13	6 Cyl	170
Cressida Mid-size Wagon	Wagon	5	185.3	3,241	38.3	39	6 Cyl	171
Supra Liftback	Subcompact	3	181.1	3,457	37.3	12.8	6 Cyl	172



Isuzu Trooper II



Dodge Mini Ram Van



Ford Aerostar

MINI VAN/VAN SPECIFICATIONS

MAKE/MODEL	Class	Doors	Overall Length (Inches)	Weight	Front Head Room (Inches)	Carrying Capacity (Cu. Ft.)	No. of Passengers	Drive Unit Front/Rear 4-W	EPA (m.p.g.) City Highway	Reader Information Number
AMERICAN MOTORS										
JEEP CORP.										
Cherokee	Sport Utility	2 & 4	165.3	2,751	39.3	71.8	5	Rear	19 24	17
Cherokee and Wagoneer	Sport Utility	4	165.2	3,084	39.3	71.8	5	4-W	19 23	17
CHRYSLER CORP.										
DODGE										
Caravan Extended Wagon	Special Purpose	2	180.5	3,355	39	NA	6	Front	19 27	17
Mini Ram Van	Cargo	3	173.1	2,875	NA	133	1/2	Front	22 29	17
B150, 250 Van	Cargo	4/6	173.1	3,615	NA	206.6	1/2	Rear	16 20	17
B150 Wagon	Passenger	4/6	173.1	4,030	NA	NA	3/6	Rear	15 19	17
PLYMOUTH										
Voyager Extended Wagon	Special Purpose	2	180.5	3,355	39	NA	6	Front	19 27	17
Voyager	Wagon	—	173.1	3,030	39	125	6	Front	22 29	18
Caravan Wagon	Special Purpose	—	173.1	3,030	39	125	6	Front	22 29	18
FORD										
Aerostar Van	Cargo	—	174.2	2,991	39.3	172.4	2	Rear	26 28	18
Aerostar Wagon	Cargo	—	174.2	3,304	39.3	139.2	5/7	Rear	17 22	18
Econoline Van	Cargo	—	186.2	3,873	—	203.9	2	Rear	16 20	18
ISUZU										
Trooper II	Special Purpose	2 & 4	175.2	3,421	39.3	79	—	Rear/4-W	NA NA	18
TOYOTA										
Cargo Van	—	4	173.1	2,830	39.2	187.2	2	2-W Rear/4-W	22 24	18

LIGHT TRUCK SPECIFICATIONS

MAKE/MODEL	Type	Doors	Wheelbase (in.)	Weight (lb.)	Carry Capacity		Drive	Engine	MPG (City/Hwy)		Reader Information Number
					(Cargo Space)	(Weight)					
AMERICAN MOTORS JEEP CORP.											
Jeep Comanche	Reg. cab	2	108	2,931	76.6	2,205	Rear 4-W	4/6 Cyl	19	24	187
CHRYSLER CORP.											
DODGE											
Dakota	Reg. cab	2	104	3,360	—	2,550	Rear 4-W	4&6/6 Cyl	22	27	188
Ram 50	Reg. cab	2	102	2,735	88.3	1,610	Rear	4 Cyl	23	28	189
D150	Reg. cab	2	107	3,660	8 ft.	2,390	Rear	6/8 Cyl	18	20	190
D250	Reg. cab	2	107	4,180	8 ft.	4,330	Rear	6/8 Cyl	16	18	191
Power Ram W150	Reg. cab	2	107	4,350	8 ft.	2,200	4-W	6/8 Cyl	14	17	192
FORD											
Bronco	Reg. cab	—	100	4,588	—	1,250	Rear	6/8 Cyl	15	16	193
F-Series	Reg. cab	—	100	3,571	—	1,225	Rear/2-W	6/8 Cyl	17	19	194
Ranger	Reg. cab	—	75.6	3,974	—	1,225	Rear/4-W	6/8 Cyl	15	16	195
	Small cab			2,600			Rear/2-W		25	25	
	Reg. cab			2,833		1,225	Rear/4-W		27	28	



Isuzu P'UP Pickup



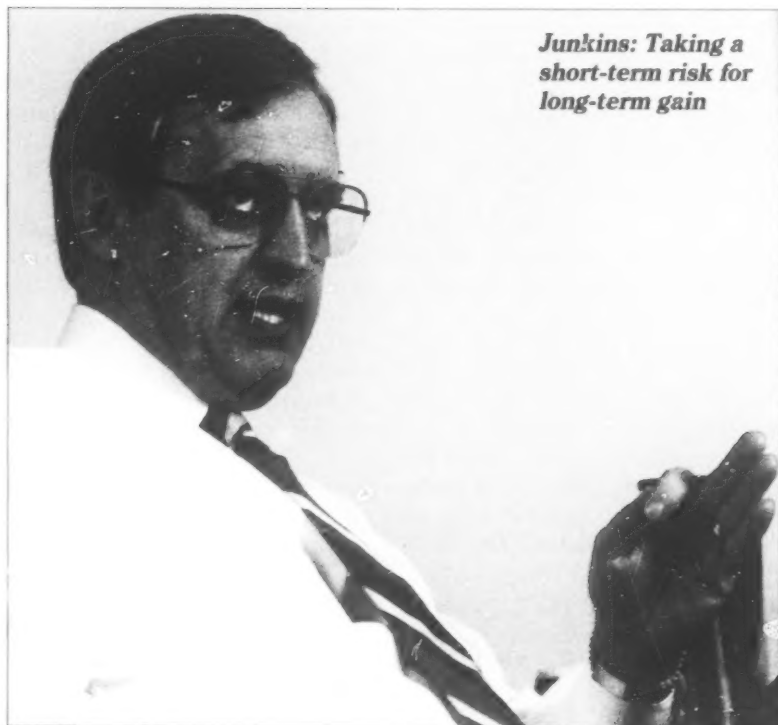
Ford F-Series Pickup

LIGHT TRUCK SPECIFICATIONS Continued

MAKE/MODEL	Type	Doors	Wheelbase (in.)	Weight (lb.)	Carry Capacity		Drive Type	Engine	MPG (City/Hwy)		Reader Information Number
					(Cargo Space)	(Weight)					
ISUZU											
P'UP—'86	Small cab	2	74	2,410	37	NA	Rear 4-W	4 Cyl (diesel/gas)	25	21	196
TOYOTA											
Standard Bed	Reg. cab	2	74	2,515	NA	1,640	Rear 2-W	4 Cyl	22	28	197
Standard Bed	Small cab	2	74	3,155	NA	1,400	Rear 4-W	4 Cyl	19	21	198
Long Bed	Reg. cab	2	86	2,650	NA	1,640	Rear 2-W	4 Cyl	22	28	199
4Runner	Small cab	2	74	3,560	80.9	300	Rear 4-W	4 Cyl	20	23	200

TI Bets On Chips Again

CEO Jerry Junkins is charting a new course to recapture the U.S. giant's worldwide preeminence in semiconductors.



Junkins: Taking a short-term risk for long-term gain

When severe price cutting by the Japanese was driving other U.S. producers of high-volume memory chips out of the market in 1985, Texas Instruments Inc. steadfastly continued building two new state-of-the-art manufacturing plants—one in Japan and one near its

Dallas headquarters. The Japanese plant has won accolades for quality-control standards, and the Dallas plant is the first in the U.S. to produce advanced one-megabit DRAMs, which hold 1 million units of data. Thanks to that investment, Texas Instruments is the only U.S. chipmaker today that can

match Japan's manufacturing prowess. "It has emerged as the technology leader in the U.S. semiconductor industry," says Vice President Thomas P. Kurlak of Merrill Lynch & Co.

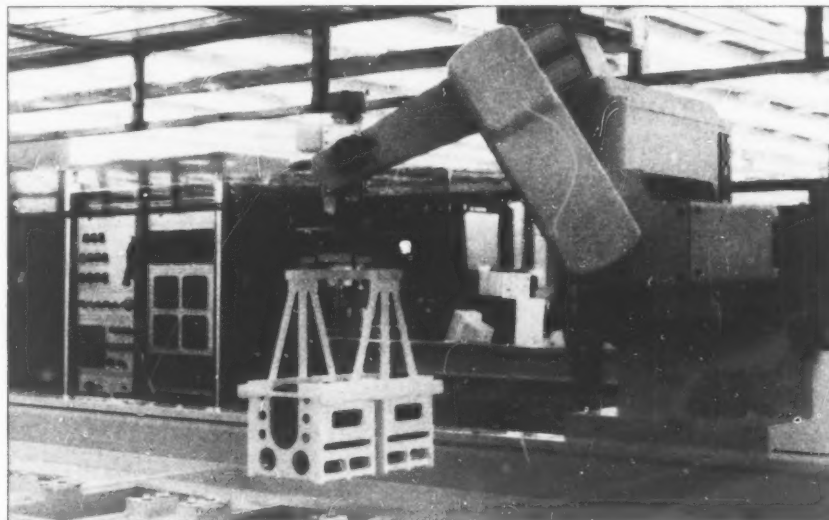
Plowing hundreds of millions of dollars into DRAM manufacturing when chip prices were plummeting was a big gamble for \$5 billion-sales TI. But it was one that CEO Jerry R. Junkins considered essential to his strategy for revitalizing the company's tired semiconductor business. "It's a short-term risk," Junkins says, "but there's a bigger risk to not doing it."

While beefing up technology, Junkins also has been streamlining the company. Back in the late 1970s, TI diversified vertically into home computers and consumer electronics products in order to lessen its dependence on the volatile chip market. But these businesses floundered, as did earnings. In early 1985, a disgruntled board of directors replaced CEO J. Fred Bucy with Junkins, then an executive vice president. Junkins immediately embarked on a stringent cost-cutting program and retrenchment in TI's money-losing business and got the company back in the black last year.

Given this recovery and its current edge in chip technology, TI has emerged from the semiconductor in-

PHOTOGRAPH BY SHELLY KATZ/BLACKSTAR

DRAM clean room in Dallas: Part of TI's stepped-up program to automate operations



dustry slump in a strong competitive position. Analyst Rajiv Chaudri of Goldman, Sachs & Co. believes it is "the best-positioned U.S. company to take advantage of a recovery in the industry." And over the long term, Junkins' growth strategy gives TI a good chance of recapturing its worldwide preeminence in semiconductors.

A key part of that strategy is a radical change in marketing. Traditionally, TI simply sold standard chips off-the-shelf like commodities. The catalog was its major marketing tool. But like other chipmakers, it is now rushing to get into the fast-growing markets for microprocessors and semi-custom chips—complex components that require far more engineering expertise and marketing savvy than commodity chips.

To meet these new requirements, Junkins acknowledges, TI has to go after big customers directly and set up a marketing and service organization to work with them on a long-term basis and offer them extensive engineering support. "The whole business is becoming more oriented towards systems," he says. "That's forcing us to deal more directly with the needs of sophisticated users than in the past."

In a key move to implement his new strategy, two months ago Junkins named Executive Vice President William P. ("Pat") Weber to head the semiconductor division. The division

has traditionally been run by chip-engineering types. Weber is a long-range planner with a strong background in electronic systems and marketing.

At the same time, Junkins put Executive Vice President William Sick (whom Weber replaced) in charge of developing major new customer alliances in the U.S. and abroad. Among other things, Sick will be courting strategic customers in the Far East—especially in Korea and Singapore, which are now the fastest-growing markets for semiconductors.

Sick will also be forging cooperative ventures with other semiconductor makers, particularly in Europe. The idea is to trade TI's manufacturing expertise for marketing arrangements and R&D sharing. Recently, for example, the company began a research venture with the Netherlands' N.V. Philips to develop and market a new line of chips. "Developing comprehensive product lines requires a large R&D investment," Sick notes, "and we're interested in opportunities to complement our strong manufacturing capability."

Texas Instruments still gets most of its estimated \$1.8 billion semiconductor revenues from commodity chips. But it hopes to lessen that dependence as it builds up its microprocessor and semi-custom chip businesses. Industry analysts fig-

ure the \$3.5 billion microprocessor market will soar to more than \$10 billion by 1991, and much of that growth is expected to be in special-purpose microprocessors, the part of the market that TI is pursuing. "We need to focus our investment on longer-term growth trends than commodity businesses that can go down as fast they can go up," Junkins says.

TI is counting on three special-purpose microprocessors to keep it in the vanguard: a family of chips being used by computer makers to make their products compatible with IBM's new local-area network; a special signal-processing chip for communications equipment; and a microprocessor for graphics terminals.

Meanwhile, TI will pay a price for being noncompetitive in general-purpose microprocessors, which encompass the vast bulk of the market now. Its efforts to market a general-purpose microprocessor several years ago failed in the face of competition from Intel and Motorola, which now make the industry standards. "The lack of a general-purpose microprocessor is a glaring hole in TI's product line," Kurlak says. Furthermore, analysts believe it will be at least five years before the world needs a more advanced microprocessor and TI has another chance to get back in the game.

Semi-custom chips (ASICs) are being increasingly used by computer

makers to make their products less expensive and more reliable. Through the miracles of modern chip technology, a single ASIC today does the same job that required hundreds-of-thousands of standard electronic parts a few years ago.

ASICs present an even bigger challenge than microprocessors to TI's catalog-oriented culture. They not only require a sensitivity to customers' systems engineering needs, but entail customer involvement in the actual design and production cycle of the product. The customer must either present its own design to TI or send engineers to design houses furnished by TI.

Crucial to TI's ASIC business, as well as to its overall strategy, is the ability to manufacture high-quality chips and deliver them quickly to customers. To that end, Junkins has stepped up efforts to automate all aspects of the company's operations and is investing heavily in computers and software for automating chip design.

For example, automation is being used to implement TI's current program to deliver all chips to customers free of defects, which is a common practice in Japan but unusual in the U.S. It involves routinely testing outgoing chips and automating production to reduce human contact with the chips. In the clean room of its DRAM plant in Dallas, for instance, TI built robots to handle silicon wafers during processing. And a computer system tracks each lot of chips and monitors variances in each stage of the manufacturing process.

Besides that, a TI pilot plant in Sherman, Texas, can deliver special-order chips in two weeks, compared with the industry's normal sixteen-to-twenty-week delivery schedule. That kind of response to rush orders is critical to the just-in-time delivery system TI is working to achieve. Currently, Sick says, 55% of its customers are getting just-in-time delivery.

TI also is trying to get its major customers to hook up directly to its internal computer network so that orders

THE MARKET LEADERS

TI is counting on advanced technology to help it regain preeminence in the world semiconductor market. Once Number One, it now ranks fifth in chip revenues.

COMPANY	SEMICONDUCTOR REVENUES
	1986 EST. (billions)*
NEC	\$2.64
Hitachi	2.31
Toshiba	2.26
Motorola	2.03
Texas Instruments	1.82
Philips/Siemens	1.36
Fujitsu	1.31
Matsushita	1.23
Mitsubishi	1.18
Intel	0.99

*SOURCE: Dataquest.

can be placed electronically, but only one customer is participating so far. "It isn't an easy idea to sell because the customer has to develop his own system to be compatible with ours," says a TI plant engineer. "But in a few years, it's the only way we'll do business."

Essentially, Junkins is trying to apply the systems-oriented culture of TI's \$1.5 billion-sales defense electronics business to the commercial semiconductor operation. The close working relationship between systems engineers at the defense electronics division and TI's military chip people is a model of the kind of synergy the company wants to achieve in microprocessors and ASICs.

Junkins would seem to be just the man to spearhead such an effort. As president of the defense electronics division, he played a key role in making it TI's most profitable division and, by most accounts, the best-run defense operation in the electronics industry. For instance, TI has lowered the price of the Air Force's HARM air-to-surface missile three times. "Never before has the U.S. government seen

that kind of cost reduction," says Paul Johnson, senior technology analyst at L.F. Rothschild, Unterberg, Towbin.

TI is counting on its advanced research in artificial intelligence to provide some of the needed leadership in systems engineering. AI researchers have already come up with one innovation for the Defense Department: the first microprocessor designed for the AI computer language called LISP. Embedded in, say, a cruise missile, the LISP chip could make extremely fast AI calculations, enhancing the missile's capability to perform any of a number of different tasks, such as recognizing its target by analyzing an infrared image. This technology has potential for many commercial applications.

Junkins still has a long way to go in implementing his reforms. Instilling a service-oriented culture throughout an organization long known for its arrogance will not be easy. And keeping key people will be vital. The list of company executives who left for greener pastures in the early 1980s was so long that employees jokingly said TI stood for "Training Institute." Industry observers believe that Junkins' low-key management style, a sharp contrast to that of autocratic Fred Bucy, has already made a difference. "Junkins has put together a more flexible and forward-thinking management," says analyst Richard Wittington of Prudential-Bache Securities.

Besides that, the company is still too dependent on standard chips, a dwindling market. And overall financial performance, though improving, is nothing to write home about. After losing \$119 million in 1985, the company earned an estimated \$39 million last year. But revenues remained flat at around \$4.9 billion.

This year, though, analysts expect TI to rebound strongly, even if the semiconductor industry upturn is modest. Current estimates call for profits of more than \$200 million on a 12% rise in revenues to \$5.5 billion. And down the road, they say, TI could find itself once again on top of the world.

—FRED V. GUTERL

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INVESTMENT UPDATE

Here's the current status of a number of investments, and a look at how they have fared over the past month and the past year.

INVESTMENT	(12/31/86)	Value of \$10,000 if invested:	
	Recent Price or Yield	Month Earlier	Year Earlier
Common Stock (Index fund, capital gains and dividends reinvested)	\$24.27/share	\$9,736	\$11,806
per cent change		-2.6%	+18.1%
Bonds (30-yr., 11¼% Treasury Bond)			
MARKET VALUE	\$135.50	\$9,904	\$11,896
ACCUMULATED INCOME		\$71	\$1,031
TOTAL		\$9,975	\$12,927
per cent change		-.3%	+29.3%
Money Market Fund	5.45%	\$10,046	\$10,626
per cent change		+.5%	+6.3%
Gold (Krugerrands)	\$407.00/oz.	\$10,409	\$12,124
per cent change		+4.1%	+21.2%
HOUSE PRICES	Recent	Month Earlier	Year Earlier
Existing House	\$115,100	\$110,700	\$100,800
per cent change		+3.8%	+12.4%
New House	\$122,800	\$124,200	\$111,500
per cent change		-1.1%	+9.2%

Sources: Vanguard Group Inc.; Salomon Brothers; Donoghue's Money Fund Report; Manfra, Tordella & Brookes, Inc.; Federal Home Loan Bank Board.

it, and he must pay taxes on \$10,000. At the new top tax rate of 28%, he pays \$2,800, which is a better deal than shelling out \$10,000 in interest payments to a bank, says George E. Paulin, compensation consultant at Frederick W. Cook & Co.

Lunch club and country club membership privileges are endangered. Picking up on former President Jimmy Carter's well-remembered attack on "the three-Martini lunch," Congress has limited the deductibility of business meals and entertainment to 80% of their actual cost. As a result, says John Sanders, vice president at consultants A.S. Hansen Inc., companies will clamp down on executives' use of club memberships.

What perks, then, should executives be bargaining for these days? Thanks to the new maximum tax rate of 28%, the personal use of company cars and planes, car phones, home computers and other taxable perks cost less than at any time since the 1984 tax law began to tax these privileges. Take the company car, for ex-

ample. If the executive incurs \$5,000 in annual expenses with half for business and the balance for personal use, he is charged with \$2,500 in ordinary income on his W-2 form. Under the former 50% tax rate, he would have been socked with a \$1,250 tax bill, while now the bite is only \$700, says Gary C. Hourihan, president of the compensation consulting division of Management Consulting Group.

However, executives may have to bargain harder for some perks. Under the new tax law, executives are paying lower taxes, but companies are paying more. For example, the elimination of the investment tax credit and longer depreciation schedules have made ownership of an automobile fleet a much more expensive proposition. As a result, says Hourihan, many are getting rid of their fleets and turning to leasing.

But it is up to the executive to dicker for the best deal. If the company handles the leasing arrangements in a way that minimizes its costs, he may find it

more advantageous to ask for an annual cash allowance and lease the car directly. If the company insists on a plain, no-frills vehicle, for example, and he, for status reasons, wants a fully loaded Mercedes, the cash allowance gives him the freedom of choice. Of course, he still has to account for his personal use of the car and pay the required taxes. But as Hourihan says, "It's incumbent on executives to choose the method that meets their personal needs the best."

In the longer run, perks may be on the way out. Companies are becoming increasingly sensitive to their perceived elitist status. At a time when workers are being laid off to cut expenses, government, shareholder and labor critics are pressuring management to give up their company-paid goodies. Ross Perot's attack on heated garages for General Motors' top executives is an example. With the value of perks now averaging \$10,000 per executive, cold cash might be the best bet for managers and companies alike. ■